



## Insurance Institute of Michigan

Insurance Institute of Michigan Position  
Senior PIP Carve Out  
House Bill 5453  
As of February 14, 2008

The Insurance Institute of Michigan (IIM) supports House Bill 5453, legislation that would allow senior citizens at their option to waive unlimited Personal Injury Protection (PIP) benefits in their no-fault auto insurance policies.

House Bill 5453 would change the no-fault act to allow policyholders who are 65 and older to opt out of the mandatory Personal Injury Protection (PIP) coverage if enrolled in Medicare Parts A or B. The legislation would require senior citizens to pay 20 percent of the annual Michigan Catastrophic Claims Association (MCCA) assessment to cover others who are able to recover benefits under the senior's no-fault policy.

When no-fault was enacted in 1972 in Michigan, policyholders were required to purchase the highest medical benefits in the country. Michigan is the only state that mandates unlimited, lifetime medical benefits for those injured in auto crashes. There is no cap on the cost of medical treatment for auto accident related injuries.

Requiring Michigan's senior citizens to pay no-fault benefits when they are eligible for Medicare Parts A or B is costly and duplicative. This legislation would save senior citizens money on their auto insurance and rely on Medicare to pay for their medical treatment like it does for senior citizens in all other states.

Michigan's no-fault system mandates the most generous benefits in the country; however, one of the greatest concerns voiced by policyholders is the cost. House Bill 5453 would allow Michigan senior citizens to save money by waiving their PIP coverage. It is a good first start; however, IIM would like to see savings afforded to all Michigan residents by allowing all policyholders to choose the level of PIP benefits that best fits their individual needs.

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